



U.S. Small Business Administration

"America's Small
Business Resource"

Small Business Beat

Quarterly Publication of the Michigan District Office

Summer 2005

Breaking a Record - SBA Loans Continue to Climb



After the first nine months of Fiscal Year 2005, the SBA had already guaranteed more loans in Michigan than it has in any full year in its history, as small businesses in the state had received 2,294 guaranteed loans for over \$404 million.

The chart below shows Michigan's guaranty lending for the first nine months of FY 2005 compared to last year. Our lending activity has increased at a much higher rate than the agency as a whole. Michigan's 50% increase in 7(a) loans compares to a 20% increase nationally,

while our 21% increase in 504 loans compares to just a 6% increase nationally.

We greatly appreciate our lenders' continuing support of SBA's guaranty loan programs in meeting the needs of so many Michigan small businesses. We hope to reach 3,000 loans this year as our lending partners take greater advantage of our user-friendly programs, especially SBAExpress which has accounted for nearly 1,600 loans so far this year.

504 Loan Program

SBA's 504 Loan Program provides long-term, fixed rate, subordinated financing for acquisition and/or renovation of capital assets, including land, buildings, and equipment. Terms can be very favorable with a positive impact on cash flow.

With 504 financing, the typical financial structure consists of 10% from the borrower, 50% from the commercial lender, and 40% from the Certified Development Company (CDC). The CDC portion is provided by 100% SBA guaranteed debentures.

For the first ten months of FY 2005, we have approved 147 504 loans worth \$87.4 million in Michigan.

For more information, please contact one of the CDCs listed below. These organizations specialize in packaging 504 loans and will manage the entire process to make sure it goes smoothly.

	FY 2004	FY 2005	Increase
7(a) Loans	1,437	2,168	50%
504 Loans	104	126	21%
7(a) Dollars	\$284,127,000	\$332,493,000	17%
504 Dollars	\$48,076,000	\$74,056,000	54%

Certified Development Companies (CDCs)

Economic Dev. Foundation-Certified Grand Rapids, (888) 330-1776
Growth Finance Corporation Howard City, (231) 937-7429
Lakeshore 504 - South Office Holland, (616) 392-9633
Lakeshore 504 - North Office Grand Haven, (616) 842-3153
Metropolitan Growth & Development Corporation Detroit, (313) 224-0820
Michigan Certified Development Corporation Lansing, (517) 886-6612
Oakland County Business Finance Corporation Pontiac, (248) 858-0879
SEM Resource Capital Livonia, (734) 464-4418
SEM Resource Capital Holland, (616) 396-8591

WEDO in September!

Junk Faxes

Assistance for Women Entrepreneurs

National City along with the Michigan Small Business & Technology Development Center (SBTDC), SBA, and other sponsors will be conducting the third annual Women's Economic Development Outreach (WEDO) in Michigan.

This program brings together local professional and non-profit organizations devoted to assisting women entrepreneurs. Whether you are just starting a business or trying to expand, this outreach will provide valuable information for all women in business.

Each WEDO event will provide panels of local experts covering

topics such as: how to really use your business plan as a management tool, positioning your company for financing, the importance of networking, and how certification as a women's business enterprise can open new markets.

There is no charge to attend, but pre-registration is required. For more information, exact locations, and to register, please call National City at (888) 622-4249 or visit www.e-magnify.com/wedo2005_coverage.asp.

President's action stops junk faxes, helps small business

On July 9, 2005, the President signed the Junk Fax Prevention Act of 2005 (S.714) bill into law. This bill was acted to stop junk faxes while ensuring that small businesses can communicate with their customers. The bill will ensure that businesses can send faxes to customers with whom they already have an established business relationship without having to obtain written prior approval.

The legislation prohibits sending unsolicited fax advertisements to anyone who has requested that they not be sent. Unsolicited faxes can be sent if the senders have an established business relationship with the customer and the fax contains a conspicuous notice on its first page that the recipient may request not to be sent any further unsolicited faxes.

To prevent third party mass marketers from buying fax lists, businesses must obtain fax numbers either directly from the recipient, or from a published source such as a directory, advertisement, or the Internet.

The bill overturns legislation issued by the Federal Communications Commission (FCC) in July 2003. Those regulations would have made it illegal for businesses to send faxes to even long-time customers unless they had specific written permission to send a fax to a particular number. The FCC regulations were opposed by a broad range of over 600 businesses and trade associations.

WEDO will be offered from 8:30 am – 12:00 pm at the following dates and locations:

- September 19: Detroit Entrepreneurship Institute Inc., **Detroit**
- September 20: Macomb Intermediate School District, **Clinton Township**
- September 21: Walsh College, **Novi**
Kellogg Community College, **Battle Creek**
- September 22: State of Michigan Library, **Lansing**
Davenport University, **Grand Rapids**
- September 23: Waterpark Conference Center, **Traverse City**



Small Business News and Updates

SBA Web Conference on September 14th 10am - 11am

If you are new to business or thinking about starting a business, and would like to learn more about the SBA, please join us in a Web conference call. We will discuss how SBA programs may help you start or grow your business.

This training is available at your desk, through your phone and your computer. Simply dial the toll-free number to access the voice part of the program (a speaker phone is recommended, if possible) and go to the *ReadyTalk* Web site for the visual presentation. If you do not have access to a computer, you can still participate by calling in. We hope you'll join us and look forward to meeting you.

From Your Computer:

1. Logon to www.readytalk.com
2. Click on "Join a Conference"
3. Type in access code: 3051501
4. Enter at least your name as requested

From Your Telephone:

1. Dial (866) 740-1260
2. Access Code: 3051501 & press #
3. Introduce yourself to our staff



If this is your first *ReadyTalk* Conference, we recommend that you test your browser compatibility and network connection prior to the conference by logging onto: <http://www.readytalk.com/test.html>

Small Business Calendar

September

Sept. 13

GSA & Federal Supply Schedules. Livonia (734) 462-4438

Business Planning 101. Grand Rapids (616) 331-7370

Sept. 14

Magic of "Pre-Business" Planning. Warren (313) 226-7947

Women Business Certification. Mt. Clemens (734) 677-1444

Accounting for Small Business. Bloomfield (313) 226-4769

Sept. 15 - Financing Roundtable by TEAM SBA. Lansing (517) 487-6340

Sept. 16 - "Business Plans" - Avoid Costly Mistakes. Warren (313) 226-7947

Sept. 20

Start a Business. Ypsilanti (734) 547-9170

Business Etiquette. Grand Rapids (616) 458-3404

Business Basics. West Branch (989) 345-0692

Sept. 21 - Exporting Your Way to Sales & Profits. Livonia (313) 226-7947

Sept. 22 - Entrepreneur Orientation. Saginaw (989) 755-0904

Sept. 23 - Accounts Receivable Management. Warren (313) 226-7947

Sept. 29 - Financing Roundtable by TEAM SBA. University Center (989) 686-9597

October

Oct. 4 - Start a Business. Ann Arbor (734) 655-4433

Oct. 5 - 8(a) & SDB Orientation. Detroit (313) 226-6075 x253

Oct. 18

CEO Roundtable. Bloomfield (313) 226-7947

Women Business Certification. Grand Rapids (734) 677-1444

Pre-Business Basics. Warren (313) 226-7947

Patents & Trademarks. Grand Rapids (616) 331-7370

Oct. 19 - Start a Business. Detroit (313) 967-9295

November

Nov. 9 - Magic of "Pre-Business" Planning. Warren (313) 226-7947

Nov. 10 - How to Start a Business. Adrian (517) 266-1488

Nov. 16

Seeking a Business Loan. Pontiac (248) 858-0783

Accounting for Small Business. Bloomfield (313) 226-7947

Nov. 17

Starting a Business. Grand Rapids (616) 331-7370

"Business Plans" - Avoid Costly Mistakes. Warren (313) 226-7947

For an expanded list of upcoming special events and workshops, please visit our Web site at <http://www.sba.gov/mi>.

ASK SBA...

Q: I'm not sure whether I am ready to start my own business. What things should I consider in making this decision?

A: First we applaud you for giving this decision serious thought before taking the plunge. Starting and managing a business takes motivation, desire, and talent. It also takes research and planning. Like a chess game, success in small business starts with decisive and correct opening moves. Know that initial mistakes are not fatal, but it takes skill, discipline, and hard work to regain the advantage.

To increase your chance for a successful business, take the time to explore and evaluate your business and personal goals. Then use this information to build a comprehensive and well-thought-out business plan to help you reach these goals. You may find it helpful to list reasons for wanting to go into business. Some of the most common reasons for starting a business are:

- You want financial independence.
- You want creative freedom.
- You want to be your own boss.
- You want to fully use your skills and knowledge.

Next determine what business is "right for you." You need to ask yourself these questions:

- What do I like to do with my time?
- What technical skills have I learned or developed?
- What am I good at?
- How much time do I have to run a successful business?
- Do I have any hobbies or interests that are marketable?

Then you need to identify the "niche" your business will fill. You will need to conduct the necessary research to answer the following questions:

- Is your idea practical and will it fill a need?
- What is your competition?
- What is your business advantage over other existing firms?
- Can you deliver a better quality service or product?
- Can you create a demand for your business?

The final step before developing your plan is the pre-business checklist. These are some of the questions you should answer:

- Where will I be located?
- What skills and experience do I bring to the business?
- What will be my legal structure?
- What will I name my business?
- What equipment or supplies will I need?
- What insurance coverage will be needed?
- What financing will I need for my business?
- What are my resources?
- How will I compensate myself for my work?

Your answers to these questions will help you create a focused, well-researched business plan to serve as a road map to a successful business.

Remember that while entrepreneurship enables you to follow your dream, it can just as easily turn into a nightmare. Whether the idea is born out of long-term goals or a frustrating day at work, the first steps for successful business ownership are planning, research, and more planning.

You will find the interactive Small Business Readiness Assessment Tool created by the Michigan Small Business and Technology Development Center to be very helpful. Located at <http://www.misbtdc.org>, this free tool is an interactive program to be utilized by individuals starting a small business. It will provide the user with basic education about the "nuts and bolts" of launching their business and help define what specific assistance may be needed.

SBA resource partners, SCORE and the Michigan Small Business and Technology Development Center, offer free one-on-one counseling and are willing to discuss your questions about starting a small business. For the location of the nearest counselor, please call the Michigan District Office at (313) 226-6075 or visit <http://www.sba.gov/mi>.

SBA would like to hear from you. Please send your small business questions to: Newsletter Business Questions, U.S. Small Business Administration, 477 Michigan Avenue, Suite 515, Detroit, Michigan 48226; or FAX to the attention of Business Questions (313) 226-4769; or e-mail: michigan@sba.gov.

Newsletter Mailing

If you or someone you know would like to receive a copy of future editions of *Small Business Beat* via e-mail, please forward the e-mail address to Annette Hall at annette.hall@sba.gov.

A Purrfect Success Story...

What do you get when you mix a dose of grandmother's advice, the financial leverage of \$25,000 winnings from a SCORE co-sponsored competition, and a lot of fortitude... a *purrfect* solution to everyday household annoyances.

The award-winning PurrFect Opener®, invented by Plymouth resident Robert Mazur, is a tool to help people of all ages open medicine packaging and other household products with ease, speed, and safety!

The inspiration for the PurrFect Opener® came when he saw his grandmother struggling to open up a package that contained her medicine. "I started noticing people using knives, scissors, teeth or just about any potentially dangerous tool to get into their medicine packaging," says Mazur.

For the next three years Mazur worked on a prototype while putting himself through graduate school at the University of Michigan. After winning \$10,000 in the prestigious Zell-Laurie Institute "Dare to Dream" competition, making design modifications, and getting input from his family and friends, he came up with The PurrFect Opener® – named because the tool is shaped like a cat.

"Each design element on the tool has a function" says Mazur. The ears and tail pierce plastic packaging and paper and foil seals. The tail reaches into narrow openings pulling cotton from hard to reach bottles. Pockets on the back of the cat are used to push pills



Robert Mazur

through blister packs avoiding dropping the pill on the floor. A rubber pad on the back assists gripping and turning child-proof lids while a magnet is attached for easy storage on the fridge.

"I was in business for about a year when I entered another business plan competition co-sponsored by SCORE," says Mazur. Two months later Mazur was notified he placed Top 3 among 1,500 applicants winning \$25,000 and in-kind services of SCORE business counselors.

The winnings were applied directly to business expenses and Mazur utilized the help of three SCORE business counselors. "The advice and guidance I received from the SCORE representative reaffirmed I was on the right track," says Mazur.

Since last year, sales have tripled and the company continues to grow at a steady pace. The product retails for under \$10 and is currently sold at local stores and pharmacies, and at www.PurrFectOpener.com.

We are looking for SBA Success Stories...

If you or someone you know has benefited from SBA assistance, we would like to hear from you.

We are looking for small firms that have been in business for three or more years and have received an SBA guaranteed loan or helpful assistance through

one of our resource partners, such as the Michigan SBTDC, Women's Business Centers, or SCORE. Send information to our address as listed below or e-mail us at michigan@sba.gov.

Small Business Beat is a publication of the Michigan District Office of the U.S. Small Business Administration. We encourage the reprint of any information appearing in this newsletter.

U.S. Small Business Administration
Michigan District Office
477 Michigan Avenue, Room 515
Detroit, Michigan 48226
P (313) 226-6075
F (313) 226-4769
E-mail: michigan@sba.gov
<http://www.sba.gov>

Newsletter Editors: Annette Hall and Richard Temkin.

All of SBA's programs and services are provided to the public on a nondiscriminatory basis.

The Small Business Development Center Program Marks its 25th Year!

This year we celebrate the 25th anniversary of the Small Business Development Center Program, SBA's largest counseling and training network. This program has demonstrated its success in strengthening the nation's economy through job creation and retention.

Officially begun in 1980 after being a pilot program for three years, the SBDC program has grown enormously, from eight to 63 Lead Centers and more than 1,000 service center locations in every state, the District of Columbia, Puerto Rico, the Virgin Islands, Guam and American Samoa. The SBDC program offers free one-on-one counseling and low-cost training by experienced business professionals to aspiring and existing entrepreneurs, working in coordination with federal, state, local and private sector resources.

In Michigan, the SBDC operates as the Michigan Small Business and Technology Development Center (SBTDC) having earned the "Technology" designation in 2003. This distinction was earned by partnering with the State of Michigan to add technology consultants that provide in-depth assistance to technology-based businesses.

Since 1980, SBTDCs nationally have met the needs of more than 11 million start-up and existing business clients. SBTDC clients generated approximately \$4 in new federal tax revenues for every federal dollar spent on program funding, generating an estimated \$351.8 million in tax revenue in

return for the program's \$88 million appropriation.

During FY 2004, the Michigan SBTDC served more than 8,000 businesses with one-on-one counseling; 1,715 jobs were created; and more than 7,000 clients received training.

For more information on Michigan's SBTDC, visit its Web site at www.misbtdc.org or call the Michigan District Office for the nearest location.



SBA Helps Open a New One-Stop Web Gateway for Small Business at Business.Gov

With so many agencies serving business, it can be confusing and time consuming to determine which agency is the right source of information. So SBA is making things simple by creating a one-stop shop for all things business <http://www.Business.gov> - the Federal Government's new gateway for businesses. This Web site is part of SBA's continual efforts to ensure a citizen-centered, result-oriented, and market-based government for our customers.

When you peruse this new official business link to the U.S. government, you'll notice that you can look for information in a variety of ways: region, industry, topic of interest, or business cycle (Launching, Managing, Growing, etc.). We've tried to group things

thematically for easy access by customers. You can learn about everything from taxes to business law to youth entrepreneurs. There's a guide to doing business in China, one on how to sell to the government, and another on writing warranties.

You can research leadership, business ethics or trade show marketing. And you can even sign up for roundtables or a mentor. **Business.gov** complements our efforts by blending together the resources of over 40 Federal agencies that assist and regulate American businesses, large and small alike.

SBA's *BusinessLaw.gov* Web site has been incorporated into **Business.gov**. The change comes after three years of successful operation by BusinessLaw.gov.



Staff Farewells

Our office recently lost several staff members to retirement. We would like to acknowledge their hard work and dedication to this office and the small business community we serve. A hearty "Thank You" and "Good Luck" goes out to Larry Davis, Ted Davis, Dan Hook, and Bea Slack. We miss you and wish you all the best...

FY 2006 Small Business Awards Nominations

Small Businesses Garnered a Record \$69 Billion in Federal Contracts

CALL FOR NOMINATIONS

It's that time of year again... SBA's Michigan District Office is now accepting nominations for its **2006 Small Business Awards**, including the Small Business Person of the Year.

The nomination process is simple. The nominator may submit a one-page preliminary nomination letter to the Michigan District Office in any format. Those selected from the preliminary letters will then be asked to submit a complete nomination packet.

Nominations will be accepted for the following awards:

Small Business Person of the Year
Family-Owned Small Business of the Year
Exporter of the Year
Young Entrepreneur of the Year
Financial Services Champion of the Year
Home-Based Business Champion of the Year
Michigan Small Business Counselor of the Year
Minority Small Business Champion of the Year
Small Business Journalist of the Year
Veteran Small Business Champion of the Year
Women in Business Champion of the Year
Innovation Award



Award winners will be honored at the **Michigan Celebrates Small Business Entrepreneurial Awards Event** to be held on April 19, 2006. National award winners and all Small Business People of the Year travel to Washington D.C. during National Small Business Week to receive their awards, which are often presented by the President.

Criteria varies per award. For example, nominees for Small Business Person of the Year will be evaluated according to staying power; growth in number of employees, sales volume, and profits; innovativeness of product/service; response to adversity; and community service.

More information is available from the Michigan District Office at (313) 226-6075 x279. All preliminary nominations are due **November 15**.

Our Belief...

SBA is the entry point to help you, the small business owner, to start, grow, and prosper. We offer customized counseling, specialized financing, and contract opportunities. Through our unique resource network, we provide the tools to help you along the path to your success as a small business owner. We are your Small Business Resource.

The Michigan District Office...

U.S. small businesses reaped a record \$69.23 billion in federal prime contracts in last year, surpassing the previous high by almost 6 percent.

The report from the Federal Procurement Data Center (FPDC) shows federal prime contracting in FY 2004 amounted to \$299.9 billion on 9.97 million contracting actions. Small businesses garnered \$69.23 billion on 4.36 million actions.

Of the \$299.9 billion awarded in federal prime contracts, about \$210.7 billion, or more than 70 percent, was awarded by the Department of Defense. Defense awarded \$46.9 billion of its contracts, or about 22.27 percent, to small businesses.

The FPDC report showed that small disadvantaged businesses received 6.18 percent of total federal prime contracting dollars with \$18.54 billion in prime contracts. Participants in the SBA's 8(a) Business Development program received \$8.44 billion in contracts, or 2.8 percent of the total. Contracts to small businesses in economically distressed communities through SBA's HUBZone program increased by 40 percent, to \$4.78 billion.

The dollars to women-owned small businesses increased by \$814.6 million to a record \$9.1 billion, about 3 percent of the government-wide total. Contracts to service-disabled veteran-owned small businesses more than doubled, reaching \$1.15 billion, up from \$550 million in FY 2003.

The FPDC report also shows that 59.1 percent of SBA's contracting dollars went to small businesses in FY 2004, up from 48.1 percent in FY 2003.

Information on SBA's 8(a) and SDB Certification programs is provided at an orientation session held the 1st Wednesday of each month at the McNamara Federal Bldg., 477 Michigan Ave., Room 895, Detroit. For more information, call our office at (313) 226-6076, ext. 253.